

RESOURCES, CONSTRAINTS AND CAPABILITIES

Human and financial resources as well as organisational capabilities are needed to overcome the manifold constraints social innovators are facing. To unlock the potential of social innovation for the whole society new (social) innovation friendly environments and new governance structures (ecosystems) have to be set-up to foster social innovations in their different stages of development.

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INTRODUCTION

If social innovations want to become successful, they need sufficient resources, they need to deal with a whole set of constraints and they need to have capabilities to manage these resources and constraints. For social innovators, the use and access to these resources is somewhat different than for technological and business innovators. A clear understanding of these differences can guide social innovators in developing strategies to better deal with resources and developing capabilities that eventually result in social change.

Successful social innovations represent actions by intrinsically motivated people, peers or networks of people, who succeed in gaining the support of significant others, such as civil society, volunteers, professionals, and people concerned from different sectors, including policy agents.

Resources and *constraints* can best be handled as interconnected topics. Having too little resources is clearly an important constraint for a social innovation. Many social innovators are personally driven and motivated by societal challenges or local or individual demands. Therefore, the first and most important resource is clearly *human resources*, i.e., the collaboration and cooperation between people. Successful social innovations represent actions by intrinsically motivated people, peers or networks of people, who succeed in gaining the support of significant others, such as civil society, volunteers, professionals, and people concerned from different sectors, including policy agents. *Financial funds* are another interconnected crucial resource largely determining the survival and scaling-up of a social innovation initiative. Social innovations lack own, public

and market funding. The difference with technological and business innovations is that social innovations are often focusing on social value creation and rarely have sound economic business cases which could make them sustainable. And clearly, without sufficient financial back-up they often disappear after a while. *Rules and regulations* (regional, cultural and governmental frameworks) can initiate and support social innovation, but often they can be considered a constraint. They vary between the different policy fields and world regions. Social innovators need to overcome these barriers, and they are not always very well equipped

to do that. There are no national or international agencies overseeing unfair competition in the social innovation field.

This brings us to our third term. *Capability* can be defined at the individual but also at the organisational level. Individuals may have capacities

to achieve new goals. When talking about capabilities for social innovations, we mainly focus on the organisational level, a business' ability to organise processes and relevant resources and to realise desired innovation objectives [1]. According to Hadjimanolis [2], some key capabilities of innovation are technical ones, such as the capability to produce ideas, to develop them into products. Other skills are marketing and service skills, legal skills to protect intellectual property, the ability to network, to form alliances and to span inter-firm boundaries. According to Lawson and Samson [3] – beside the fundamental vision and strategy of an innovation – competences, culture and new technologies are sources for innovation capabilities that are closely related to the SI-DRIVE philosophy.

WHAT DOES SOCIAL INNOVATION PRACTICE TELL US?

Based on the empirical results of SI-DRIVE [4], specific human and financial resources as well as organisational capabilities are needed to overcome a huge list of different constraints.

Human resources: intrinsically motivated people, leadership style and mutual learning

Social innovations need motivated and active persons. Such individuals are not only needed to invent but also to drive the innovation. They do not have to be as knowledgeable as scientific experts for technological innovations. These 'human resources' can come from everywhere and can have any kind of competence related to the problem solution. However, scaling of social innovations requires specific and diverse (managerial) competences from social innovators. Most failed social innovations look back at lacking competences of their initial promoters and actors.

The **leadership style** of social innovators needs to be suitable. Start-ups and smaller social innovations rely greatly on charismatic leadership and on such initiators which are sufficiently concerned by the challenge lying ahead and probably have a sufficient connection to the concerned milieu. Larger social innovations rely more on "collective leadership" where the management structure is not so much depending on single persons.

Mutual learning, absorptive capacity building and empowerment are highly relevant to further develop the initiatives and to reach sustainability. Mutual learning takes mostly place at the individual level of the people involved and can also refer to the people targeted by a solution. Social learning of society actors and system players takes place through recognition, assimilation and implementation of new information and knowledge. However, capacity building is often linked to the initiative itself and interrelated to "path

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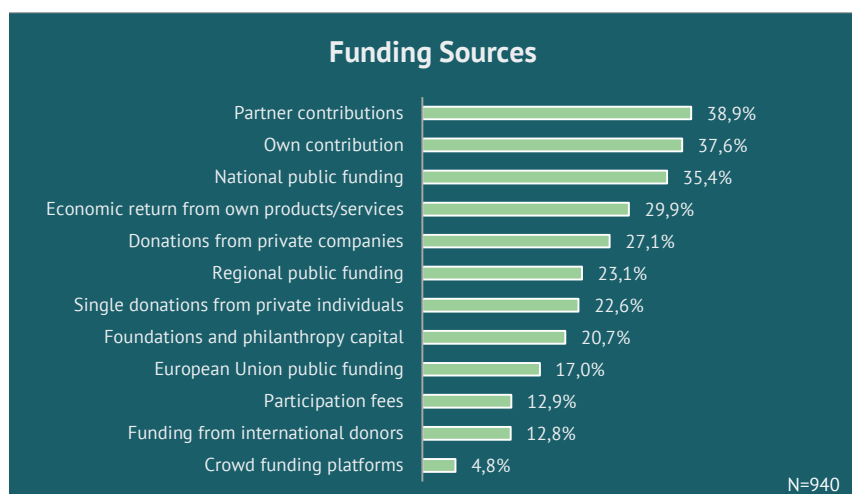
dependencies of development" – as experiences from the past will inform actions in the future. Capacity building (also for public institutions, system representatives) and empowerment create win-win situations for producers and users alike. Intermediary organisations and institutions for capacity building are evolving, with the goal to cooperatively equip initiatives with the right skills, competencies and even resources to be successful.

Compared to the high engagement of science in technological innovations, the underdeveloped role of universities within social innovations has to be stressed. Universities could and should engage much more in supporting social innovations by **knowledge provision and exchange**, evaluation, new ideas, process moderation, advocacy for social innovation, technological solutions, and others.

Financial resources: Social innovations depend on diverse funding sources

Social innovators clearly face a complicated funding situation. Often, we are talking here of private citizens or individual representatives of organisations that are starting a local, possibly limited initiative. This always means that they mainly rely on **own funding**. But more sources are necessary and available to social innovators. The global mapping reveals a wide range of different financial sources which serve as backup for social innovation initiatives. The main funding sources are internal contributions of the initiatives

(own and partner contributions), supplemented by (European, national, regional) public funding. Civil society (foundations, philanthropy capital, international and individual donors) is a highly relevant funding source as well. Social innovators sometimes rely on profits made by sales from own products or services, participant fees, and crowd funding. Social innovators thus depend on a broad range and highly diverse combination of funding sources. They don't do this just for the fun of it or as a strategic risk diversion, rather they have no choice and need to combine sources to help their initiative survive.



This diverse funding situation also leads to the use of diverse and **specific business models**. As commercial competition with other social innovations is not in the mind-set of most of the initiatives, there are different and obvious attempts to survive, e.g. with the help of concepts such as social enterprise, corporate social responsibility programmes or measures, hybrid revenue models (sponsored by sales, fees, etc.), licensing models, associations funded by fees, small business (market competition).

Organisational capabilities

Social innovators are mainly driven by societal challenges and local social demands. This is clear when thinking about general societal challenges like climate and demographic change, society's frustration with ineffective systems, measures and regulations, system and policy gaps and failures. Social innovations want to solve these challenges. Local demands on, for instance, social inclusion, labour and education needs, reducing mismatches, and demanding new and innovative social solutions are leading to new social practices. All demands push intrinsic motivated people from different sectors to take up their (personal and/or civil) responsibility. Social innovations are driven by a sense of urgency and are pushing up the public and political agenda with social needs and demands that are not yet covered by the formal system. To deal with these drivers, the following organisational capabilities for social innovators need to be in place:

- Social innovations need to be embedded in environments in which they can connect to important stakeholders. **New governance systems** or innovation friendly environments are needed, supported by an open government giving leeway for and fostering experimentation.
- Social innovators need to be able to use and take-up **new technological possibilities**.
- Social innovators need to understand the role of complementary innovation. Whereas **complementary innovation** in some policy and practice fields is more of technological nature, others are related to new business models making social innovations more sustainable.
- **Dealing with compatibility to the dominant institutional setting** is a capability easily overlooked. Selection, adoption, diffusion and imitation, and social change are mainly depending on the connectedness with the (formal) system the initiatives are embedded in.

Dealing with constraints

The global mapping demonstrates that a variety of constraints for the upscaling of social innovation exists, mainly focusing on the initiative itself: lack of funding, lack of personnel, knowledge gaps. Although there is a mix of funding sources and funding is not the main driver, it is by far the main challenge for social innovations. Against the background that empowerment, human resources, and knowledge are the main cross-cutting themes for social innovation initiatives, the appointed lack of personnel and knowledge

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gaps are relevant barriers as well. Although legal restrictions and lack of policy support are not in focus generally, the in-depth case studies divulged that they are very relevant for development and institutionalisation.

THE WAY FORWARD

Our analysis shows that social innovations have, in comparison to technological and economic innovations, similar but different and more challenging properties. Social innovations require substantial human resources, unlocking the potential of society as a whole for specific solutions. They are reliant on different funding sources and face drivers and barriers often related to each other. Driven by societal challenges and local demands, they often are depending on individual persons, lacking personnel and managerial skills, appropriate funding and political / policy support.

What does this mean for upscaling and institutionalising social innovations?

Social innovators will need to develop a broad spectrum of strategies to get required resources and develop relevant capabilities. Our results show a high innovation capacity and a high level of society's empowerment by broad and diverse financial and personnel resources of social innovation initiatives that are mainly situated in the implementation and impact phase stage. The integration of partners from all societal sectors building an innovation related ecosystem, diverse funding sources, the diverse know-how of partners, a broad user and beneficiary involvement and a high number of volunteers could be seen as an already existing excellent basis for further development towards an ongoing institutionalisation of the initiatives, their diffusion and adoption. As well, existing initiatives of such kind can become an inspiring movement, successful practices can be adopted, and solutions can be modified and developed for other societal challenges and social demands. The needed resources and capabilities as well as the appearing constraints vary in the different process stages of social innovations (such as idea, invention, implementation, institutionalisation and diffusion). They change over time and are allocated differently to the specific development phases of social innovations.

What does it mean for the support of social innovators?

There is a need for a **social innovation friendly environment** and new **governance structures** supportive to the innovators. Especially if compared to technological development infrastructures and support structures (like National Innovation Systems) it becomes evident that the instruments for social innovations have to be improved. If it, for instance, comes to funding it is important to take advantage of new technologies and to set-up sustainable business plans. Social innovators ideally would require some kind of basic funding in the start-up phase. Local innovation laboratories for social innovation are helpful to get start-ups launched. In the upscaling and institutionalisation phase, social innovations require extra co-funding sources next to existing participant fees and own contributions. Of course, social innovations could benefit from possessing a stronger “business” orientation and more managerial capabilities.

A specific social innovation friendly environment is demanded (fostering **social innovation ecosystems** with partners concerned from civil society, economy, policy and science). It, however, needs to be different from other (technological or economic) innovations because of the need to unlock and use the *potential of the whole society*.

Universities and research centres should become more relevant drivers for social innovation. Only about half of the social innovations are supported by **external experts**. Science and research – and this is different from technological innovation – are not having a relevant role as a trigger or driver (this is underlined by the low number of involved universities and research institutions as partners of initiatives).

An innovative environment – established and supported by (new) governance structures and politics – needs a **supportive legislative environment** (giving ‘space’ for experimental innovations), specifically concerning political support on the local level. Especially in policy fields with a high level of regulation by formal systems (like education, employment, health) **new governmental structures** are needed, providing

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new leeway for experimentation. This could be done by an ‘open government’ which itself is embedded in broader open governance systems encompassing all of society’s actors. In this context, the public sector needs to adapt its roles and relationships with these others actors” [5, p. 3].

CONCLUSION

Resources, constraints and capabilities are as manifold as social innovations. They differ within the innovation development stages. Human resources, knowledge and empowerment are continuously developed by mutual learning of all actors involved within social innovation processes, leading to capacity building and new capabilities. Empowerment is an important result and a driver, concerning not only beneficiaries and innovators but also societal actors including (parts of local) communities. Lack of personnel is one of the main barriers for upscaling and all social innovators experience funding constraints, different sources have to be harnessed. Main drivers are (local) social demands and societal challenges as well as individuals/groups/networks; main barriers are the search for funding, missing (policy) support mechanisms, lack of personnel and (managerial) skills.

However, to *unlock the potential of social innovations for the whole society* it is necessary to set-up a social innovation friendly environment with new governance structures: supporting relevant and appropriate resources fitting to different stages of the innovation process, fostering new (organisational) capabilities and overcoming process and system related constraints.

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